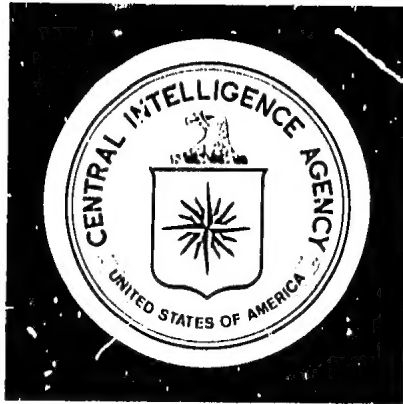


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DIRECTORATE OF
INTELLIGENCE

Developments in Indochina

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Top Secret

127

25X1

16 February 1973

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DEVELOPMENTS IN INDOCHINA

(Information as of 1500)

	<u>Page</u>
SOUTH VIETNAM	1
Both sides are reinforcing in the Sa Huynh area.	
NORTH VIETNAM	3
Nhan Dan issues the most critical commentary on the US since the signing of the cease-fire agreement. Defense Minister Giap plays down the military aspect of the struggle in an anniversary message to the Viet Cong. The Viet Cong ambassador in Peking says the southern Communists will keep their army strong.	
LAOS	6
The fighting has tapered off in the south. Phoumi Nosavan is once again trying to return to Laos.	
CAMBODIA	7
The insurgents are withdrawing from Route 1 [redacted] The government has reluctantly enacted the price reform measures recommended by the IMF.	

25X1
25X1

16 February 1973

SOUTH VIETNAM

Both sides are reinforcing in the Sa Huynh area of southern Quang Ngai Province. The South Vietnamese 2nd Division, with the help of newly arrived Rangers, has managed to capture some high ground overlooking the town, but the Communists have also moved troops closer to the battlezone.

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With the recent commitment of the Communists' provincial units to the defense of Sa Huynh, the enemy has the equivalent of at least four regiments in southern Quang Ngai Province.

Government officials in the area remain confident. Regional commander, General Ngo Quang Truong, has ordered the town retaken and Highway 1 cleared by 18 February--the time he apparently feels the truce teams will arrive in the area. Truong has met with the regional commander of the central provinces who has promised to use some of his regulars to hit the North Vietnamese 3rd Division units in northern Binh Dinh Province to prevent them from further reinforcing the Communists' Sa Huynh defense. General Truong was critical of the tactics used by the South Vietnamese 2nd Division in the early stages of the counter-offensive and, although he complains that he is woefully short of helicopter support, he feels confident that Sa Huynh will be recovered.

General Tran Van Nhut, the 2nd Division commander, also expects the area to be cleared in a few days, despite the fact that Communist forces have been strengthened. Nhut claims that the regional commander has given him priority with air support, but bad weather has limited air strikes. General Nhut strongly complained about the effectiveness

16 February 1973

25X1

[REDACTED]

of the Vietnamese Air Force helicopter units which had provided support in earlier operations to clear the Ba To District town. He called the Air Force command poor and ineffective, and claimed that pilots refused to fly because of enemy ground fire.

The recapture of Sa Huynh is indeed a formidable task. The Communists have always been strong in southeastern Quang Ngai Province and this newly seized area provides them with their only significant coastal holding in the central part of the country. The enemy's determined resistance thus far, together with the recent reinforcements, suggests that the South Vietnamese may well have considerable difficulty in recapturing this vital area.

[REDACTED]

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16 February 1973

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NORTH VIETNAM

A recent editorial in North Vietnam's official newspaper has criticized the US and South Vietnam for deliberately violating the provisions of the cease-fire agreement. The editorial on 15 February, came two days after Dr. Kissinger's visit to Hanoi. It took the position that the US is unwilling to pressure Saigon into honoring all provisions of the accords. Although the most vituperative sections of the editorial were directed at the South Vietnamese government, the US was criticized for failing to live up to the agreements.

The editorial constitutes the most extensive propaganda criticism of the US by Hanoi since the signing of the agreements. It raked the US over the coals for allegedly dragging its feet in clearing the mines from North Vietnamese waters, for allegedly turning military bases over to the South Vietnamese government rather than dismantling them, and for not providing detailed plans on its troop withdrawal program, as Hanoi claims is required by the Paris agreement. Hanoi demanded that the US carry out its cease-fire responsibilities and "stop harboring and protecting the Saigon administration."

The North Vietnamese claimed that the Saigon administration committed 2,000 violations during the first 15 days of the cease-fire and accused the South Vietnamese of conducting "nibbling operations" into Communist-held territory in nearly all provinces of the country. The Thieu regime was criticized for failing to abide by the spirit of the agreement which calls for national conciliation and concord. According to the editorial, Saigon was still repressing the people and conducting reprisals against "patriots and peace-lovers." In addition, Hanoi chided Saigon for not releasing

16 February 1973

25X1

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"approximately 10,000 military prisoners" as called for in the cease-fire agreements. This criticism appears to be aimed directly at President Thieu's announcement that a large number of former Communist prisoners had asked to become ralliers. Hanoi alleged that Saigon is obstructing the apparatus that was established to implement the cease-fire. The North Vietnamese asserted that the South Vietnamese authorities harassed the Communist members of the Joint Military Commission, provided inadequate housing and other facilities, prevented the Communists from moving about freely, and used "hooligan" tactics to harass the Communists in the field. [REDACTED]

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Even Giap Plays Up Political Side of the Struggle

In an anniversary message to his Viet Cong counterpart, Defense Minister Giap pitched his remarks on the "struggle" ahead in a very low key. Giap stressed the long range nature of the "struggle," calling on his compatriots in the South "strenuously to consolidate peace." He told the Viet Cong that the strength and effectiveness of the armed forces should be kept up and improved, but that they should be considered primarily as support to the political contest between the two sides in the South. In his message, Giap placed emphasis on the rebuilding of the North, implying that the Communists in the South will have to become more self-sufficient. [REDACTED]

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Viet Cong Keep Vigilant

The Provisional Revolutionary Government's ambassador to Peking, Nguyen Van Quang, emphasized on 14 February that the Vietnamese Communists would "energetically build up the army's strength and raise its combat effectiveness." At a ceremony commemorating the 12th anniversary of the National Liberation armed forces, Quang cited a Chinese pledge to "step up their support until complete victory is

16 February 1973

25X1

25X1



won." Quang's comments on building up the military were cast primarily in terms of supporting the political struggle and countering efforts by Saigon to "sabotage" the Paris agreement. Furthermore, the Chinese promise to step up the level of support is probably a reference to general political and economic support. Peking is anxious to avoid resumption of full-scale hostilities, even if political progress is slow in coming. A serious resumption of hostilities in Vietnam would complicate Peking's efforts to achieve better relations with the US and a general detente in Asia.

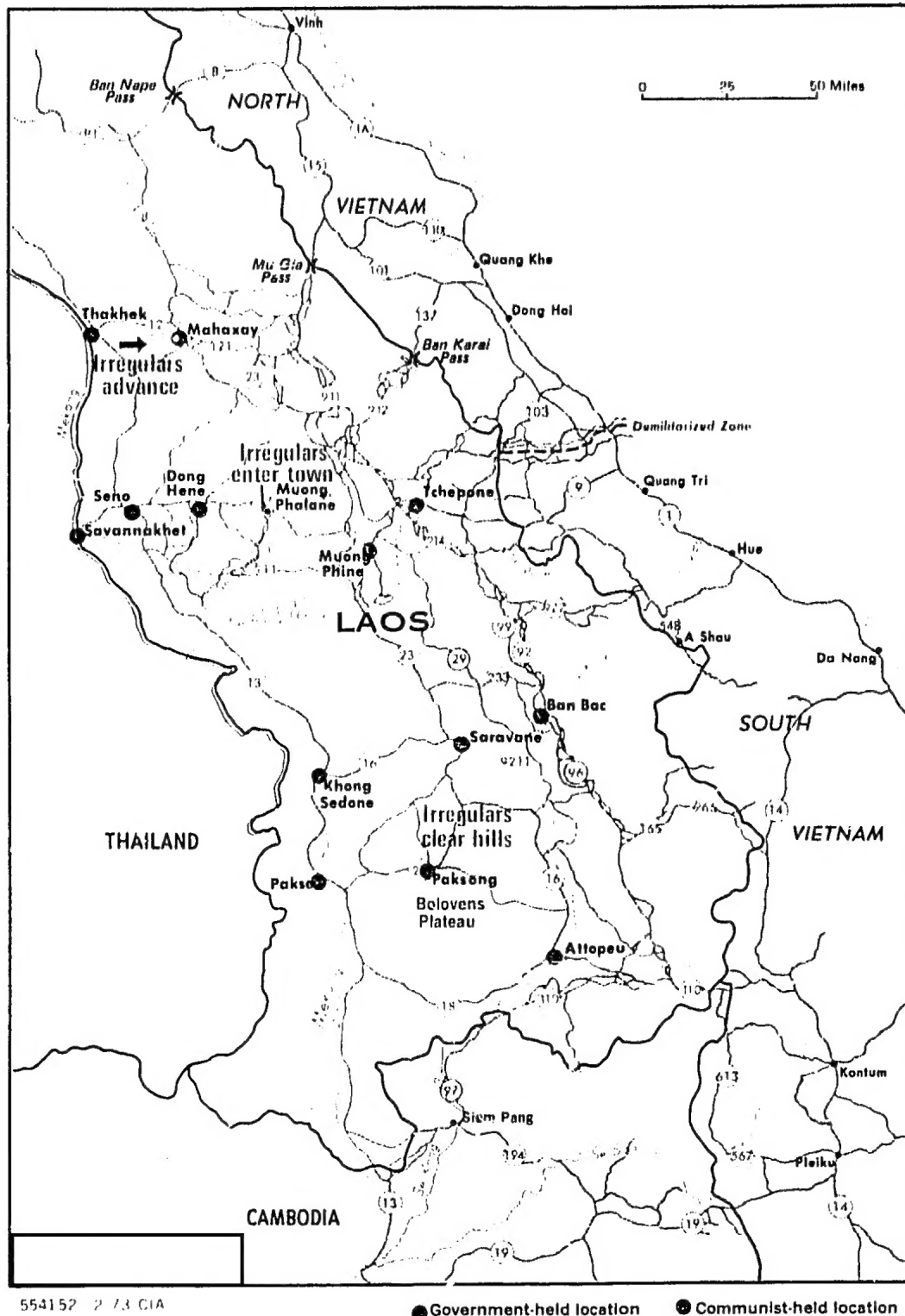
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16 February 1973



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LAOS

The fighting has tapered off. Air strikes appear to be taking their toll on some Communist units in the south. In the central panhandle, lead elements of an eight-battalion irregular force on 16 February moved back into the western half of Muong Phalane against little enemy resistance. Most Communist units are still east of the Se Sangsoy River which divides the town. To the north, government units from Thakhek advancing toward Mahaxay have covered half the distance to the Communist administrative center.

Irregular troops on the Bolovens Plateau have secured all the hills surrounding Paksong and are clearing small pockets of enemy troops from the outskirts of the town. [REDACTED]

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25X1Phoumi Tries Again

Phoumi Nosavan, the former rightist strongman who has been in political exile in Bangkok since 1965, is making another of his periodic attempts to solicit support for his return to Laos. [REDACTED]

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[REDACTED] Phoumi has been claiming that he has been appointed by southern rightist leader Prince Boun Oum na Champassak to rally the rightists and ensure that their interests are considered in the present peace negotiations in Vientiane--a duty that Phoumi holds has been sorely neglected. Boun Oum, however, has denied authorizing the exiled general to take charge of the rightists. Because of Boun Oum's denial and because many rightists have long-standing political scores to settle with Phoumi, his chances for getting back to Laos seem as bleak as ever. [REDACTED]


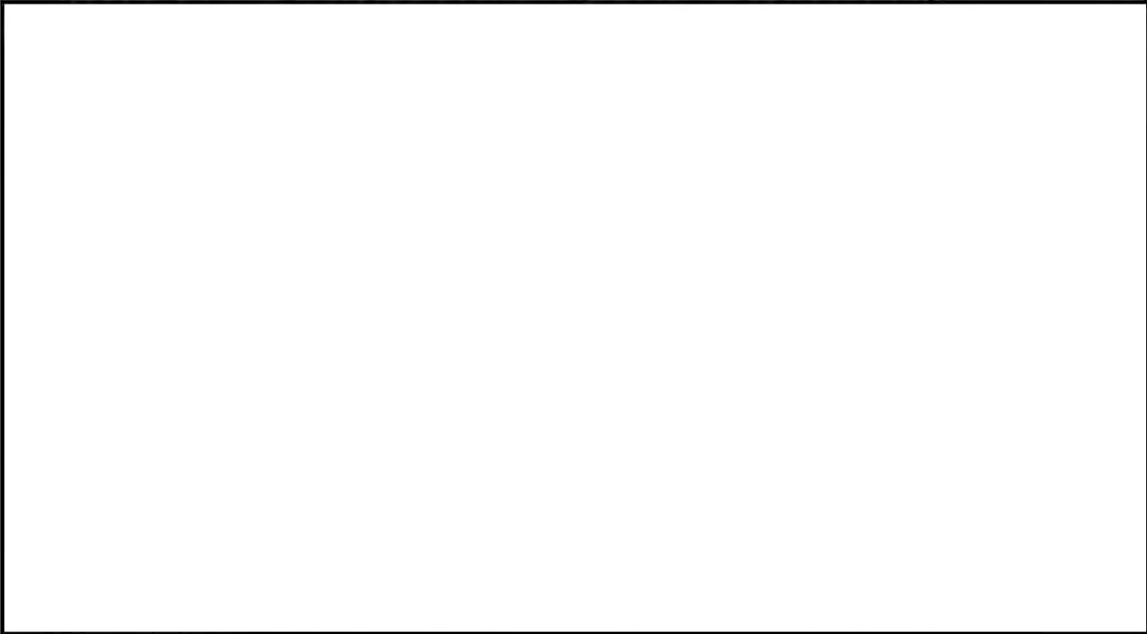
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16 February 1973

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CAMBODIA

A press report from Phnom Penh claims that the Khmer insurgent units, which cut a section of Route 1 some 15 miles southeast of the capital for almost a week, have abandoned their positions along the highway and withdrawn. After reoccupying Route 1, Cambodian forces will presumably begin moving supplies and reinforcements down the road to the government's Mekong River base at Neak Luong. Meanwhile, government efforts to clear Route 15 between Neak Luong and Prey Veng remain stalled by insurgent resistance near Banam. One government position north of Banam was lost to the enemy on 14 February, but two others held out against repeated insurgent attacks.

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Price Reforms Enacted

The government has reluctantly enacted the price reform measures recently recommended by the International Monetary Fund (IMF). The reform will

16 February 1973

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result in higher prices for such politically sensitive items as petroleum, electricity, and rice. Although they approved the reforms, virtually all members of the cabinet voiced their opposition to the measures.

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16 February 1973

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